

AS

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 96-167-C - ORDER NO. 96-781
NOVEMBER 14, 1996

IN RE: Application of Ameritech Communications) ORDER
International, Inc. for a Certificate) APPROVING
of Public Convenience and Necessity to) CERTIFICATE
Provide Intrastate Resold Telecommuni-)
cations Services within the State of)
South Carolina.)

This matter comes before the Public Service Commission of South Carolina (the "Commission") by way of the Application of Ameritech Communications International, Inc. ("ACI" or the "Company") requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of intrastate interexchange telecommunications services in the State of South Carolina. The Company's Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1995) and the Regulations of the Public Service Commission of South Carolina. The Company's Application also requested regulatory treatment similar to that granted to AT&T in Docket No. 95-661-C. Specifically, ACI requests 1) removal of maximum rate tariff requirements for its business services, consumer card and operator services, and future private line and customer network-type offerings; and 2) that tariff filings for these uncapped offerings are presumed valid upon filing. If the Commission institutes an investigation of a particular filing

within seven (7) days, the Company requests that the tariff filing be suspended until further Order of the Commission.

The Commission's Executive Director instructed ACI to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of ACI's Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. ACI complied with this instruction and provided the Commission with proof of publication of the Notice of Filing. A Petition to Intervene was filed by the Consumer Advocate for the State of South Carolina (the "Consumer Advocate").

A hearing was commenced on October 9, 1996, at 11:00 a.m., in the Commission's Hearing Room. The Honorable Guy Butler, Chairman, presided. ACI was represented John F. Beach, Esquire. Elliott F. Elam, Jr., Esquire, appeared on behalf of the Consumer Advocate. Catherine D. Taylor, Staff Counsel, represented the Commission Staff ("the Staff").

Jeffrey R. Lowe, Director of Regulatory Affairs for ACI, appeared and offered testimony in support of ACI's Application. Mr. Lowe stated that ACI is a Delaware corporation which is registered to do business in South Carolina as a foreign corporation. According to Mr. Lowe, ACI proposes to offer long distance services using resold transmission services of carriers certificated to carry traffic in South Carolina. Mr. Lowe explained the Company's request for authority to provide

interexchange telecommunications services in South Carolina as a reseller. The record reveals the Company's services, operations and marketing procedures.

Mr. Lowe also explained that ACI possesses the technical, financial and managerial abilities to provide its services in South Carolina. Mr. Lowe further testified that the Company would make certain changes to its proposed tariff to comply with Commission guidelines and prior Orders.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. ACI is incorporated under the laws of the State of Delaware and is licensed to do business as a foreign corporation in the State of South Carolina by the Secretary of State.

2. ACI operates as a non-facilities based reseller of interexchange services and wishes to provide its services in South Carolina.

3. ACI has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to ACI to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA,

as set forth herein, through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for ACI for its resale of residential services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. ACI shall not adjust its residential rates below the approved maximum level without notice to the Commission and to the public. With regard to adjustments to residential rates, ACI shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). With respect to business service offerings, credit card services, future operator services, private line service, and customer network offerings, tariff filings will be presumed valid upon

filing. If the Commission institutes an investigation of a particular filing within seven (7) days, then the tariff filing will be suspended until further Order of the Commission. Any relaxation in the future reporting requirements that may be adopted for AT&T shall apply to ACI also. Staff is instructed to monitor the Company using the same monitoring process and techniques as are used to monitor AT&T. Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1995).

4. ACI shall file its revised maximum tariff and an accompanying price list within thirty (30) days of the date of this Order. The revised tariff shall be consistent with the findings of this Order and shall be consistent with the Commission's Rules and Regulations.

5. ACI is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

6. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

7. ACI shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by

this Commission. If ACI changes underlying carriers, it shall notify the Commission in writing.

8. With regard to the origination and termination of toll calls within the same LATA, ACI shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993).

9. ACI shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

10. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relation (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. ACI shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced, and the Company is directed to comply with the Commission regulations unless waived by the Commission.

11. With regard to ACI's debit card, the Commission requires, as a condition of offering debit card services, the Company to post

with the Commission a bond in the form of a Certificate of Deposit worth \$5,000 drawn in the name of the Public Service Commission of South Carolina or a surety bond in the amount of \$5,000. The Certificate of Deposit shall be drawn on federal or state chartered banks or savings and loan associations which maintain an office in this state and whose accounts are insured by either the FDIC or the Federal Savings and Loan Insurance Corporation. A surety bond shall be issued by a duly licensed bonding or insurance company authorized to do business in South Carolina. This condition may be reviewed in one year.

12. If the Company sells its debit cards to retail establishments for resale of the debit cards, and the retailer of the debit cards deviates from the suggested retail price as filed in the tariff, or as approved by the Commission in a special promotion, then the Company will withdraw its cards from that retail outlet. This Commission strongly suggests that the Company enter into written agreements with its South Carolina retail outlets regarding this policy of abiding by suggested retail pricing prior to the outlet marketing the card.

13. ACI is allowed to incorporate in its tariff a surcharge for operator-assisted and calling card calls not to exceed \$1.00 for calls originated at hotels and motels and at customer-owned pay telephones only if the property owners have not added a surcharge already. That is, the Company may not impose an additional surcharge to calls originating at hotels and motels and customer-owned pay telephones if such a surcharge has already been

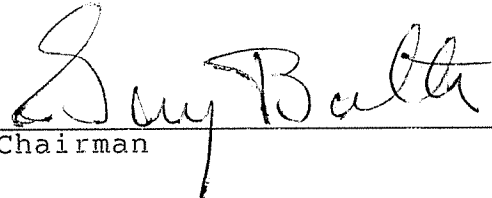
imposed by the property owners. If such a charge is applied, however, it should be paid in its entirety to the customer by ACI. Further, if the surcharge is applied, the user should be notified of imposition of the surcharge. This notification should be included in the information pieces, such as tent cards or pay telephone stickers, identifying ACI as the operator service provider for the pay telephone or guest telephones.

14. ACI is required to provide "tent" cards to hotels and motels for placement next to guest telephones and stickers to customer-owned pay telephones identifying ACI as the provider of operator service for intrastate interLATA calls. ACI is required to brand all calls identifying itself as the carrier for the hotel or motel. The information pieces shall be consistent with the format approved by the Commission in Order No. 93-811, issued in Docket No. 92-557-C.

15. For the provision of operator services, ACI shall comply with the Operator Service Provider Guidelines approved in Order No. 93-534, issued in Docket No. 93-026-C.

16. That this Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:

Deputy 
Executive Director
(SEAL)

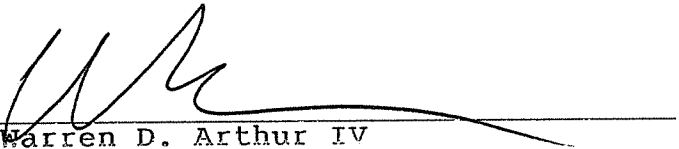
DISSENTING OPINION OF COMMISSIONER WARREN D. ARTHUR IV:

I respectfully dissent from the majority decision in this docket. As part of its Application, Ameritech requested the regulatory treatment granted to AT&T in Order Nos. 95-1734 and 96-55 (Docket No. 95-661-C). I disagreed with the majority decision to grant "relaxed regulation" in that docket and also object to the Commission's grant of it in this instance.

As I have previously stated, I believe that alternative regulation should be granted to a company under South Carolina Code Annotated Section 58-9-585 only if the company has satisfied the requirements of that statute. This section is the specific statutory authority which allows the grant of alternative regulation. The majority's grant of alternative regulation to AT&T, Bell Atlantic, and now Ameritech, via other means, is strained. Since I believed the relaxed regulation was

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improvidently granted in these other dockets, I must also disagree with the grant of it now to Ameritech Communications International, Inc.



Warren D. Arthur IV
Commissioner, Sixth District

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ATTACHMENT A

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'S

COMPANY NAME

FEI NO.

ADDRESS

CITY, STATE, ZIP CODE

PHONE NUMBER

- (1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12
MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- * THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION
WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX,
CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.
- (4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR
ENDING _____.
- * THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.
- (5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE
AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS
WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT
(SEE #3 ABOVE).

SIGNATURE

NAME (PLEASE TYPE OF PRINT)

TITLE